

KANSAS & OKLAHOMA RAILROAD NEWS

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Congressman Jerry Moran to visit Kansas & Oklahoma Railroad to inspect track improvements

PITTSBURG--The shortline rehabilitation tax credit that was signed into legislation in 2004 by President Bush has helped the Kansas & Oklahoma Railroad (KO) begin an 8-million-dollar track rehabilitation project. This track project will improve transit times and service reliability for KO customers who depend on the railroad to get their products to market. The KO is a wholly owned subsidiary of Pittsburg, KS based Watco Companies, Inc. (Watco); the KO's main office is located in Wichita, KS.

The rehab project was made possible by the shortline rehabilitation tax credit, H.R. 4520 (Section 45G), which provides an investment of up to \$3,500 per mile to help make

improvements to shortline railroad track. United States Congressman Jerry Moran of Kansas introduced the legislation to support Kansas shortline railroads, and those nationwide, and worked to promote its passage. Congressman Moran will make a trackside visit to see improvements first-hand on the KO at 4 p.m. on September 11. A map and directions are attached.

This site visit is designed to profile a major capital project that the KO is undertaking to improve overall capabilities of the railroad. The project consists of replacing ties, spikes and ballast and surfacing and aligning the track on a forty-mile stretch known as the Hutchinson Subdivision. This subdivision is located between Wichita and Hutchinson, KS. After the improvements are completed, the railroad will be able to maintain the 25 m.p.h. track speed and continue to provide quality service for customers on the subdivision.

The tax credit has a long history consisting of years of work by members of Congress, railroad customers and shortline railroads to provide a significant investment to the improvement of America's shortline rail network.

Ed McKechnie, Watco chief commercial officer, said Congressman Moran's support was vital. "Congressman Moran realized Kansas railroads are essential to the economy by providing a connection to the national rail network. He provided solid support for this tax credit and that support will be rewarded with many improvements to the KO and our other shortlines in the region," McKechnie said. "These improvements will in turn result in economic vitality and overall improved conditions for shippers."

Railroad customers will receive the greatest benefits of the tax credit. Improvements to rail in the region will give them more shipping options because the rehabilitated track will be able to handle heavier loads at higher speeds, oftentimes meaning longer trains. K&O officers estimate about 20% of the Kansas wheat crop moves annually over the segment of track that is being rehabilitated.

“This is a major improvement for the Kansas Agriculture community,” McKechnie said. “The line from Wichita to Hutchinson is our primary artery to western Kansas and our sole connection to the terminal grain elevators in Wichita. Having this rail line as a reliable, viable transportation corridor puts money in Kansas farmers' pockets by increased competition to purchase their products.”

With nearly 840 miles, the KO is one of the largest shortlines in the industry. The KO carries a wide variety of agricultural products and moves almost 55,000 carloads a year. In addition to the KO, Watco also owns and operates the South Kansas and Oklahoma (SKOL), Stillwater Central (SLWC) Kaw River (KAW) and Arkansas Southern (ARS) Railroads in the Central Region.

Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates 16 railroads in 14 states. In addition to the KO, SKOL, SLWC, KAW and ARS, Watco operates the Alabama Southern, Eastern Idaho, Great Northwest, Louisiana Southern, Mission Mountain, Mississippi Southern, Palouse River and Coulee City, Pennsylvania Southwestern, Timber Rock, Vicksburg Southern and Yellowstone Valley Railroads. Watco also operates industrial switching locations and mechanical and locomotive shops across the United States. More information about Watco can be found at <http://www.watcocompanies.com/>.

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